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Nebraska Continues Unemployment Debt Recovery, Fraud Crackdown

LINCOLN – The Nebraska Department of Labor today announced that it has recovered nearly \$5.8 million in unemployment insurance debt so far this year. The total includes over \$2.7 million recovered through the Treasury Offset Program (TOP), which offsets the federal tax refunds of unemployment insurance claimants who commit fraud or reporting errors.

“Nebraska’s debt collection efforts continue to net positive results,” said Acting Commissioner of Labor John H. Albin. “Recovery of these funds means lower tax rates for employers and more funds available to jobseekers who qualify for benefits.”

Nebraska continues to focus on fraud prevention and detection and currently has an unemployment insurance fraud rate of about 1 percent, compared to the national average of around 2.72 percent as of 2013. The overall overpayment rate has also been declining. The Department of Labor is detecting overpayments faster than ever using a combination of training, IT advancements, and legislation.

TOP was instituted in Nebraska in February, 2013 to recover payments from individuals who fail to accurately report earnings or otherwise falsify their benefit application to increase their payments. In addition to the \$2.7 million recovered so far this year, the program recovered over \$2 million in benefit payments last year.

In October of last year, the Department began assessing a 15 percent penalty against claimants who commit fraud. Other penalties for fraud can include permanent loss of benefit eligibility, criminal charges, and jail time.

When an overpayment occurs, claimants are notified by mail and may review the payment information to help ensure the accuracy of the Department’s records. In addition to claimants paying back the benefit overpayments, payments are also recovered through state income tax intercepts and the offsetting of benefit payments to claimants who owe debt.

To help prevent benefit overpayments, employers are required by statute to provide information regarding an employee’s separation within ten days of when the Department of Labor requests it. The Department will soon be implementing State Information Data Exchange System (SIDES) E-Response, which will allow employers to send information electronically rather than through the mail when an employee files a claim for benefits.

“Elimination of mail time gives employers more time to provide complete and accurate responses, which can help stop these overpayments from occurring in the first place,” Albin said.

To report suspected fraud, go to dol.nebraska.gov. Employers interested in E-Response should go to dol.nebraska.gov/SIDES.